

CAPCO

CERTIFIED CAPITAL COMPANIES

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Induce private investment into new or growing Missouri small businesses, which will result in the creation of new jobs and investment.

AUTHORIZATION

Sections 135.500–135.529 RSMo Supp. 1998

HOW THE PROGRAM WORKS

The Department of Economic Development (DED) will issue a premium state tax credit to an insurance company that makes an investment in a CAPCO. The only eligible investor in a CAPCO is an insurance company having premium tax liability in Missouri. DED has initiated the formation of private venture capital firms (“CAPCOs”). These firms have certain requirements to make equity investments in eligible businesses in Missouri.

ELIGIBLE AREAS

Statewide and designated “rebuilding communities.”

ELIGIBLE APPLICANTS

Any insurance company having Missouri premium tax liability.

ELIGIBLE USE OF TAX CREDITS

DED provides the investor a tax credit equal to 100% of their investment in a CAPCO. The investor must take the credit at 10% over a 10-year period. The tax credits may be used to offset state premium tax liability.

Tax credits may be sold and transferred to another taxpayer having premium tax liability.

APPLICATION PROCEDURE

A CAPCO investor is required to file Missouri Form 135-5, parts A and B and return the completed form to DED for approval and certification.

APPROVAL METHOD

DED will issue a tax credit certificate authorizing the applicant to claim the tax credits.

FUNDING LIMITS

The maximum amount of certified capital in one or more CAPCO’s for which earned and vested tax credits will be allowed in any year to any one investor or their affiliates, is limited to \$10 million.

ELIGIBLE CAPCO INVESTMENTS

A CAPCO may invest in an eligible business, which is in need of venture capital and cannot obtain conventional financing. The eligible businesses must derive their revenue primarily from manufacturing, processing or assembling of products; conducting research and development; or, service businesses, which can demonstrate that more than 33% of its revenue would be from outside the state of Missouri.

Businesses must be independently owned, headquartered in Missouri and employ less than 200 persons before the investment is made. The annual revenue of the business in its last fiscal year must be less than \$4 million; or, if the business is more than 3 years old, the revenue limit is \$3 million.

Effective January 1, 1999, eligible businesses also include those located in “distressed communities” as defined by Section 135.530 RSMo Supp. 1998. The annual revenue of the business located in a “distressed community” must be less than \$5 million.

SPECIAL PROGRAM REQUIREMENTS

The CAPCO funds invested in the business must be used for new capital improvements; research and development; and certain working capital

expenses. All such funds must be used in Missouri.

Kansas City, MO 64112
(816) 960-1771: Round 3

The amount a CAPCO may invest in one Missouri business depends on various factors, however the maximum amount is 15% of the CAPCO's certified capital. Funding decisions are made by each CAPCO based on their evaluation of the return on investment relative to the risk. CAPCO funds may be used for equity investments, unsecured loans or hybrid investments in eligible businesses. Typically, venture capitalists require a projected 25-40% annual ROI, depending on the risk.

A CAPCO will either purchase stock in the company, or make an unsecured loan. Repayment will be negotiated between the CAPCO and the business. There are no particular program requirements on the length, terms, or other conditions, except that a loan may not be secured.

DED does not have the authority to require a CAPCO to fund a project. Small businesses interested in receiving funding through this program may contact each CAPCO directly or DED to obtain CAPCO information.

CONTACT

MO Department of Economic Development
Office of Business Finance
301 W High Street, PO Box 118
Jefferson City, MO 65102
Phone: 573-526-1558 Fax: 573-526-1567
E-mail: shirst@mail.state.mo.us
Website: www.missouridevelopment.org

AWARDED CAPCOS

Advantage Capital Missouri Partners
Pierre Laclede Center
7733 Forsyth Blvd.
St. Louis, MO 63105
(314) 725-0800: Rounds 1, 2 and 3

BOME Investors/Gateway Associates
8000 Maryland Avenue, Suite 1190
St. Louis, MO 63105
(314) 721-5707: Rounds 1 and 2

BOME Investors/Kansas City Equity Partners
233 West 47th Street

CAPCO Holdings, L.C.
300 West 11th Street
Kansas City, MO 64105
(816) 391-2040: Round 3

CFB Emerging Business Funds
11 South Meramec, Suite 1430
St. Louis, MO 63105
(314) 746-7427: Round 2

Stifel CAPCO, Inc.
500 North Broadway
Suite 1400
St. Louis, MO 63102
(314) 342-2118: Rounds 1, 2 and 3

OTHER SERVICES OF DED

DED REGIONAL OFFICES

| | |
|----------------|--------------|
| St. Louis | 314-340-6823 |
| Kansas City | 816-889-2900 |
| Trenton | 660-359-5960 |
| Springfield | 417-888-4001 |
| Moberly | 660-269-8802 |
| Dexter | 573-624-9950 |
| Houston | 417-967-5770 |
| Jefferson City | 573-751-9045 |

RELAY MISSOURI SERVICE

Voice user calling a hearing/speech impaired user: 800-735-2466.
Hearing/Speech impaired user calling a voice user: 800-735-2966.